

**WATER AND SEWER FUND  
WATER AND SEWER REVENUES**

	<b>Actual FY 2008-09</b>	<b>Adopted FY 2009-10</b>	<b>Estimated FY 2009-10</b>	<b>Proposed FY 2010-11</b>	<b>Change</b>
<b>Investment &amp; Rental Income</b>					
Interest: Investments and Assess.	\$ 1,132,219	\$ 681,470	\$ 548,676	\$ 555,689	-18.5%
Rental Income	340,801	250,000	243,664	250,000	0.0%
<b>Total Investment &amp; Rental Income</b>	<b>\$ 1,473,020</b>	<b>\$ 931,470</b>	<b>\$ 792,340</b>	<b>\$ 805,689</b>	<b>-13.5%</b>
<b>Operating Revenue</b>					
<b>Water &amp; Sewer Sales</b>					
Water & Sewer Sales	\$ 61,926,716	\$ 74,679,037	\$ 72,728,278	\$ 82,434,295	10.4%
Late Fees	164,541	112,000	320,000	350,000	212.5%
Industrial Monitoring	9,249	15,000	19,274	15,000	0.0%
Sewer Surcharge	81,085	120,000	104,984	120,000	0.0%
Suspended Solids	85,078	50,000	74,900	100,000	100.0%
<b>Subtotal</b>	<b>\$ 62,266,669</b>	<b>\$ 74,976,037</b>	<b>\$ 73,247,436</b>	<b>\$ 83,019,295</b>	<b>10.7%</b>
<b>Other Operating Revenues</b>					
Septic Tank Disposal	\$ 69,520	\$ 65,000	\$ 67,000	\$ 98,360	51.3%
Water Connection Fees	254,877	245,000	247,537	268,025	9.4%
Sewer Connection Fees	147,734	150,000	80,658	104,112	-30.6%
Engineering Inspection Fee	79,431	75,000	61,526	73,837	-1.6%
Backflow Certification	14,375	5,600	18,046	20,000	257.1%
<b>Subtotal</b>	<b>\$ 565,937</b>	<b>\$ 540,600</b>	<b>\$ 474,767</b>	<b>\$ 564,334</b>	<b>4.4%</b>
<b>Licenses and Permits</b>					
Water Permits	\$ 32,400	\$ 35,000	\$ 16,845	\$ 20,771	-40.7%
Sewer Permits	12,150	15,000	8,196	26,764	78.4%
<b>Subtotal</b>	<b>\$ 44,550</b>	<b>\$ 50,000</b>	<b>\$ 25,041</b>	<b>\$ 47,535</b>	<b>-4.9%</b>
<b>Total Operating</b>	<b>\$ 62,877,156</b>	<b>\$ 75,566,637</b>	<b>\$ 73,747,244</b>	<b>\$ 83,631,164</b>	<b>10.7%</b>
<b>Other Revenues</b>					
Miscellaneous	\$ 77,097	\$ 305,000	\$ 18,450	\$ 55,000	-82.0%
Water Frontage Fees/Assessments	156,432	239,500	108,902	53,941	-77.5%
Sewer Frontage Fees/Assessments	349,762	649,440	147,198	73,679	-88.7%
<b>Total Other Revenues</b>	<b>\$ 583,291</b>	<b>\$ 1,193,940</b>	<b>\$ 274,550</b>	<b>\$ 182,620</b>	<b>-84.7%</b>
<b>Transfers from Other Funds</b>					
Storm Water Management	\$ 185,000	\$ -	\$ 49,984	\$ 25,000	100.0%
Capital Facility Fees	-	-	-	-	0.0%
<b>Total Transfers from Other Funds</b>	<b>\$ 185,000</b>	<b>\$ -</b>	<b>\$ 49,984</b>	<b>\$ 25,000</b>	<b>100.0%</b>
Appropriation from Fund Balance	\$ 5,563,561	\$ 760,898	\$ 2,922,986	\$ -	-100.0%
<b>TOTAL W &amp; S FUND REVENUES</b>	<b>\$ 70,682,028</b>	<b>\$ 78,452,945</b>	<b>\$ 77,787,104</b>	<b>\$ 84,644,473</b>	<b>7.9%</b>

# WATER AND SEWER FUND

## REVENUE AND APPROPRIATION SUMMARY

	Actual FY 2008-09	Adopted FY 2009-10	Estimated FY 2009-10	Proposed FY 2010-11	Change
<b>REVENUES</b>					
Investment and Rental Income	\$ 1,473,020	\$ 931,470	\$ 792,340	\$ 805,689	-13.5%
Water and Sewer Sales	62,266,669	74,976,037	73,247,436	83,019,295	10.7%
Other Operating Revenue	565,937	540,600	474,767	564,334	4.4%
Licenses and Permits	44,550	50,000	25,041	47,535	-4.9%
Frontage Fees/Assessments	506,194	888,940	256,100	127,620	-85.6%
Other	77,097	305,000	18,450	55,000	-82.0%
Transfer from Other Funds	185,000	-	49,984	25,000	100.0%
<b>Subtotal Revenues</b>	<b>\$ 65,118,467</b>	<b>\$ 77,692,047</b>	<b>\$ 74,864,118</b>	<b>\$ 84,644,473</b>	<b>8.9%</b>
Appropriations from Fund Balance	5,563,561	760,898	2,922,986	-	-100.0%
<b>TOTAL REVENUES</b>	<b>\$ 70,682,028</b>	<b>\$ 78,452,945</b>	<b>\$ 77,787,104</b>	<b>\$ 84,644,473</b>	<b>7.9%</b>
<b>APPROPRIATIONS</b>					
Personal Services	\$ 18,761,026	\$ 20,489,311	\$ 18,310,216	21,245,067	3.7%
Operating	23,835,145	25,342,237	27,099,325	30,712,862	21.2%
Capital Outlay	50,889	80,000	117,000	448,874	461.1%
Debt Service	16,999,655	22,664,861	19,821,198	18,095,804	-20.2%
Transfers to Other Funds	11,035,313	9,876,536	7,579,598	13,933,598	41.1%
Transfers to Fund Balance	-	-	4,859,767	208,268	100.0%
<b>TOTAL APPROPRIATIONS</b>	<b>\$ 70,682,028</b>	<b>\$ 78,452,945</b>	<b>\$ 77,787,104</b>	<b>\$ 84,644,473</b>	<b>7.9%</b>
<b>Department Appropriations</b>					
Water Management	\$ 32,705,893	\$ 36,534,665	\$ 34,396,942	\$ 39,557,794	8.3%
Public Works	2,265,009	2,249,853	2,206,835	2,501,191	11.2%
Finance	214,380	191,451	183,275	188,329	-1.6%
<b>Subtotal</b>	<b>\$ 35,185,282</b>	<b>\$ 38,975,969</b>	<b>\$ 36,787,052</b>	<b>\$ 42,247,314</b>	<b>8.4%</b>
Nondepartmental Appropriations	35,496,746	39,476,976	41,000,052	42,397,159	7.4%
<b>Total Appropriations</b>	<b>\$ 70,682,028</b>	<b>\$ 78,452,945</b>	<b>\$ 77,787,104</b>	<b>\$ 84,644,473</b>	<b>7.9%</b>

### FUND DESCRIPTION

The Water and Sewer Fund accounts for revenues and expenses related to the provision of water and sewer services to the customers of the City and adjacent areas. Water and Sewer CIP projects are part of the annual adopted Capital Improvement Program budget adoption and are not part of the operating fund.

## **WATER AND SEWER FUND REVENUE DESCRIPTIONS**

### **Investment and Rental Income**

Interest: Investment - Investment income is gained through the commitment of City funds to investment instruments allowed by State Statute.

Interest: Assessments - Interest is charged on water and sewer assessments.

Rental Income - The City owns property and houses, purchased for other purposes with Water and Sewer Fund monies, which are temporarily rented. This also includes revenue from cellular tower leases.

### **Operating Revenues**

Water and Sewer Sales - Water and Sewer Sales includes both consumption and service fee charges to all direct water and sewer customers, inside and outside the City. It does not include contractual water sales to other utilities. A rate increase for water and sewer consumption charges is being proposed for FY 2010-11. This will not increase the tiered consumption rates, but will increase the water service charge by 5% and the sewer service charge by 10%. This rate increase is projected to equate to a 1.34% increase for the average residential customer.

Industrial Monitoring Charge - The Environmental Protection Agency requires the recovery of costs incurred in monitoring potentially high strength and toxic wastes. The rate schedule is based on the types of tests required.

Sewer Surcharges - Surcharges are applied to high strength waste per pounds of biochemical oxygen demand.

Suspended Solids - Charges on suspended solids are applied per 1,000 pounds.

### **Other Operating Revenues**

Septic Tank Disposal - Charges for truckloads of septic waste discharged at the North Durham Water Reclamation Facility.

Fire Protection (City Hydrants) - Monthly charges are made to the Fire Department for each hydrant on the City's water system.

Water and Sewer Line Connection Fees - Fees are charged at the time of initial connection onto water and sewer mains. These fees vary with the size of the connection.

Water Analysis Fee - This fee provides for the partial recovery of costs incurred in monitoring the water quality of new construction and existing facilities undergoing extensive plumbing repairs. Citizens can also request water quality analyses.

Engineering Inspection Fees - The Water and Sewer Engineering Division charges fees for water main, sewer main, and sewer outfall inspections.

Backflow Tester School - The Water Resources Department offers certification classes for backflow testers. An enrollment fee is charged for each participant in the school.

### **Licenses and Permits**

Cross Connection Control (CCC) Permit fees - This permit partially recovers the cost of the inspection of CCC devices.

Water and Sewer Permit Fees - These fees are paid by developers and the City for permits to extend water and sewer lines.

### **Intragovernmental Services**

Construction - City Forces - This item represents charges made to bond and construction funds for water and sewer construction performed by City employees. This line item also includes overhead charges, equipment rental charges and fringe benefits charges. These charges occur as a result of street maintenance work performed by City employees.

Engineering Fees - This item represents charges made to bond and construction funds for water and sewer engineering work performed by City employees.

#### **Other Revenues**

Sale of Land, Property and Equipment - This includes revenue from the sale of surplus land, equipment or property.

Miscellaneous - This item includes revenues from broken water meter charges, water cut-off penalties and after-hours service charges.

Water and Sewer Frontage Fees/Assessments - Frontage Fees are applicable when property is developed and the developer or property owner has not installed a water and/or sewer line across the street frontage or street right-of-way abutting the project. This item reflects confirmations of water and sewer assessment rolls.

#### **Transfers from Other Funds**

Water and Sewer Capital Facilities Fund - The Capital Facility Fee was established in 1985 to recover the costs associated with providing water supply, water treatment and wastewater treatment to new water and sewer service customers. Prior to FY 2008-09 this revenue was shown as a transfer to the Water and Sewer Operating Fund to offset debt service cost. Beginning in FY 2008-09 this revenue is now transferred directly to the Water and Sewer Construction Fund in support of Water and Sewer CIP projects.

Stormwater Management - This transfer covers the costs incurred by Customer Billing and Services for stormwater billing expenditures and by Water Management for one-half of the Household Hazardous Waste Disposal program.

Appropriation from Fund Balance - An appropriation from fund balance is used to balance the budget when expenditures are anticipated to exceed revenues in a given year.

## WATER AND SEWER NON-DEPARTMENTAL APPROPRIATIONS

	Actual FY 2008-09	Adopted FY 2009-10	Estimated FY 2009-10	Proposed FY 2010-11	Change
<b>Administration</b>					
General Fund Services	\$ 4,529,598	\$ 5,290,496	\$ 5,290,496	\$ 5,533,179	4.6%
Insurance Risk /Post Employment	1,952,778	2,280,619	1,838,591	1,831,408	-19.7%
Recovery of Past Due Accounts	-	50,000	1,667	500,000	900.0%
Collection of Delinquent Accounts	263,000	263,000	263,000	264,500	0.6%
Merit/Market Salary Adjustment	-	-	-	-	0.0%
Drug Testing	35,670	40,000	20,000	40,000	0.0%
Transfer to Storm Water Fund	123,000	123,000	123,000	123,000	0.0%
<b>Total Administration</b>	<b>\$ 6,904,046</b>	<b>\$ 8,047,115</b>	<b>\$ 7,536,754</b>	<b>\$ 8,292,087</b>	<b>3.0%</b>
<b>Miscellaneous</b>					
Contingency	\$ -	\$ 1,289,871	\$ -	\$ 50,000	-96.1%
Hardship Funds	158,434	150,000	175,000	175,000	16.7%
Transfer to Fleet Acquisition Fund	1,755,715	1,500,000	-	1,176,000	-21.6%
Other Non-Operating	978,900	65,000	1,607,333	2,000,000	2976.9%
<b>Total Miscellaneous</b>	<b>\$ 2,893,049</b>	<b>\$ 3,004,871</b>	<b>\$ 1,782,333</b>	<b>\$ 3,401,000</b>	<b>13.2%</b>
<b>Debt Service and Capital</b>					
Debt Service/Refunding	\$ 16,234,561	\$ 20,624,990	\$ 19,021,198	\$ 17,295,804	-16.1%
County Line Reimbursement	765,090	800,000	800,000	800,000	0.0%
Capital Improvements Program	8,700,000	7,000,000	7,000,000	12,400,000	77.1%
<b>Total Debt and Capital</b>	<b>\$ 25,699,651</b>	<b>\$ 28,424,990</b>	<b>\$ 26,821,198</b>	<b>\$ 30,495,804</b>	<b>7.3%</b>
Appropriation to Fund Balance	\$ -	\$ -	\$ 4,859,767	\$ 208,268	100.0%
<b>TOTAL NON-DEPARTMENTAL</b>	<b>\$ 35,496,746</b>	<b>\$ 39,476,976</b>	<b>\$ 41,000,052</b>	<b>\$ 42,397,159</b>	<b>7.4%</b>

## **WATER AND SEWER FUND NON-DEPARTMENTAL APPROPRIATIONS**

### **Administration**

General Fund Services - Funds are appropriated each year to reimburse the General Fund for services provided to the Water and Sewer Fund. Also included are costs for services provided by the Budget and Management Services Department.

Insurance Risk / Post Employment - Each fund pays a proportionate share of expected liability and workers' compensation claims obligations, as well as a share of general insurance, post employment benefits, and safety and health costs.

Recovery of Past Due Accounts - This funds a professional services performance contract for collections that was previously budgeted as an offset to revenues.

Collection of Delinquent Accounts - These funds are appropriated to cover the cost of collecting delinquent accounts.

Drug Testing - This account covers the cost of drug testing for all new Water and Sewer Fund employees, as required by City policy.

Bond Issuance Expense - Funds are appropriated to cover the cost of issuing Revenue Bonds and GO Bonds.

### **Miscellaneous**

Contingency - These funds are expended upon City Council approval for various unanticipated costs that arise during the fiscal year which are unforeseen during the budget preparation process.

Hardship Funds - Funds are provided to pay water and sewer bills if a customer is found to be unable to pay under established Durham County Social Services guidelines.

Fleet Replacement - Costs associated with the replacement of the centralized fleet used by Water and Sewer Fund-related departments are recorded here.

Water and Sewer Customer Relations - Funds cover various customer relations activities such as printing customer handbooks, and documents for customer education and information.

### **Debt Service/Capital Improvements**

Debt Service - Debt service for water and sewer projects is paid directly from the Water and Sewer Operating Fund.

County Line Reimbursement - The City reimburses the County for water and sewer line installations within designated areas of the County.

### **Capital Improvement Program (CIP) Appropriations**

The 2005 Bond Referendum included \$20 million in water and sewer capital projects. These projects included sewer rehabilitation, North Durham Water Reclamation Facility improvements, Southern Reinforcing Main, Water Main Rehabilitation, Brown Water Treatment Plant Expansion – Phase II, Sewer Extensions and Improvements and Water Extensions and Improvements. These projects continue in design and or construction and bonds are issued as needed to cover the cost of these projects.

Water and Sewer operating funds are appropriated to the Capital Improvement Program to address specific critical capital maintenance needs. For FY 2010-11 \$12.4 million in CIP funding will be provided from Water and Sewer rates. Another \$3.1 million will also be transferred to CIP projects from the Capital Facilities Fees Fund. The full list of Water and Sewer CIP projects can be found in the FY2011-2016 Capital Improvement Program budget document.